

# Exhibit 1

REPUBLIC OF IRAQ

Ministry Of Foreign Affairs

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



**Distribution Plan**  
**Submitted by the Government of Iraq to the UN**  
**Secretary-General**  
**in accordance with**  
**the**  
**Memorandum of Understanding**  
**of 12 May 1996**  
**Resolution 1281 (1999)**

## **EXECUTIVE SUMMARY**

1. The present Distribution Plan is prepared as referred to in section-2 of the Memorandum of Understanding signed on 20 May 1996 between the Government of Iraq and the UN Secretariat (referred to herein after as the “MOU”) for the purchase and distribution of food, medicine, medical supplies and equipment and other supplies necessary for the essential civilian needs to help alleviate the hardships suffered by the people of Iraq. The plan constitutes an important element in the implementation of SCR 1281 (1999) and the Secretary-General’s report of 12 November 1999 (S/1999/1162). It includes a classified list of supplies and goods to be purchased and imported by Iraq for this purpose.
2. For the three northern Iraqi governorates, namely Dohuk, Erbil and Suleimaniyah, the procurement and distribution of essential civilian humanitarian supplies as well as rehabilitation activities will be the responsibility of the United Nations Inter-Agency Humanitarian Programme, (hereinafter “the Programme”), in accordance with paragraph 20 of the MOU and paragraphs 3 and 6 of its Annex I. In accordance with paragraph 2 of Annex I of the MOU, the humanitarian requirements of the three northern governorates in the Distribution Plan, (hereinafter “the Plan”) were identified by the Programme, taking into consideration all relevant circumstances in the three northern governorates and in the rest of the country, in order to ensure equitable distribution. These requirements were discussed with the Government of Iraq and incorporated in the Plan.
3. A total amount of US\$ 2.921.5 billion shall be available to meet the humanitarian needs of the people of Iraq. The Plan allocates US\$ 1050 million for food sector and US\$ 230.4 million for food supporting and handling supplies sub-sector. The general food basket contains calories and protein, especially animal protein (as dried whole milk and/or cheese) which will contribute 8.4% of total protein, and as reflected (in table bellow). The inclusion of weaning serial for infants fills an important nutritional need.

General rations	Plan VII
Calories (Kcal)	2330
Protein-non-animal	47.27
Protein-animal	4.27
Total protein	52.03

Infants	Plan VII
Calories (Kcal)	696
Protein	19.7

Fortification of vegetable oil with Vitamin A will help reduce the proven public health problem of this deficiency. Fortification of salt with iodine will continue as before, to reduce the problem of Iodine deficiency disorders, known to be prevalent throughout Iraq.

The distribution of food will be carried out within the existing framework according to the ration system currently applied, which is described in the previous distribution plans.

The Plan allocates US\$ 230.4 million for the Food sub-sector for spare parts and equipment, pursuant to the activities of storage and transportation of foodstuffs and grain milling as well as delivering them to consumers in conformity with the quantities of goods imported, in accordance with the MOU.

4. US\$ 300 million are allocated to the Medical Services sector, 50% of which is for the import of medical supplies, equipment and required items for the rehabilitation of different equipment in Hospitals and Health Centers, While the other 50% is for the import of medicine. It should be noted that all Iraqi citizens, Arab and foreign residents have access to public health services. Medicine for chronic diseases will be the first priority among others. Spare parts will be purchased to repair service equipment, such as air-conditioning equipment and hospital elevators throughout the country. Subject to the provisions of the MOU relating to the three northern governorates, health commodities will reach the beneficiaries through hospitals and primary health care centers using the existing distribution system. The Plan allocates US\$44 million for the three northern governorates, for medicines, medical supplies, medical equipment, and ambulances, (Bulk Purchase), and an extra US\$58 million for the rehabilitation of hospitals and health infrastructure in the three northern governorates.

US\$ 10 million is allocated for supplemental nutrition support for pregnant and lactating mothers, by providing high protein biscuits, which will be distributed on a monthly basis to pregnant mothers in their last trimester, to lactating mothers for three months after birth, and malnourished children through Community Child Care Units/MOH in Iraq.

Micro-nutrients (Iron and multi-vitamins) will be distributed to pregnant and lactating mothers through MCH centers.

With roughly 50,000 births per month, the funds allocated for this distribution are sufficient to provide the additional caloric requirements for pregnant and lactating mothers.

5. The conditions of potable water and sanitation systems remain critical throughout Iraq. Rehabilitation requirements are estimated over US \$ 600 million, in addition US\$300 million to complete the unfinished project to serve 1.8 million inhabitants. The garbage collecting had been neglected due to the shortage of fund and the sector needs 100 million to purchase spare parts and new equipment. However, due to limited funds, the Plan allocates US\$ 198 million, of which US\$ 49 million for Baghdad serving about 6 million people in the city and its surrounding districts. US\$ 98 million to provided the rehabilitation of water and sanitation facilities in the remaining governorates, and US\$ 51 million for the rehabilitation of water and sanitation facilities in the three northern governorates. Deterioration in this sector continues as referred to in the UN Secretary-General's report of 12 November 1999(S/1999/1162). The report pointed out that the situation requires greater attention in this sector, which has a serious impact on public health, environment and population, especially children, women and the elderly. Equipment will be imported to rehabilitate potable water and sanitation facilities in Baghdad and other governorates.
6. As a result of the destruction inflicted on the electricity sector and the lack of spare parts and equipment for maintenance, the situation has severely deteriorated resulting in harsh power cuts for all types of consumers. The power generation, transmission and distribution systems have all suffered from lack of maintenance and the report of the UN Secretary General of 19 Nov. 1998 (S/1998/1100) referred to this situation. The Distribution Plan III stated that the shortage of electric power has resulted in daily planned load shedding throughout Iraq and the deficit was 1600 MW in 1996; the maximum load was 5300 MW during July 1997 and it was 5600 MW during the summer of 1998 and was more than this during the summer of 1999. The impact of what appears to be a drought period starting with the winter of 1998 is going to compound this situation. Historical low water levels, adding at least another 300 MW deficit to the present deficit of 1800 MW already seriously affect hydro-

electrical power generation. This situation will lead to even more frequent power cuts for all consumers including hospitals, water treatment and sewage plants, wheat mills, irrigation and drainage pump stations, schools, universities, fuel stations and other services. One measure that would remedy the present situation is the immediate approval of a large number of contracts presently on hold. Other measures are under consideration of the Commission of Electricity. However, the impact of measures taken now would only be felt at least one year after coming into effect due to the long lead times required for electricity generation in a cost effective manner. The amount required to rehabilitate this sector is very large. However, to address minimum requirements, this Plan allocates US\$ 321 million for this sector. US\$ 111 million is for the three northern governorates. The amount allocated would be used largely for enhancing power generation by completing the repairs required to the structures of the dams at Dokan and Derbandikhan and rehabilitation of their power generation units as well as the introduction of new generating capacity using fuel to be provided by GOI. The present drought conditions have seriously affected the electricity supply situation, which necessitates immediate action in this regard. Works on rehabilitation of the transmission and distribution networks are also expected to be undertaken.

7. The Agricultural sector continues to suffer from the continuous deterioration of basic infrastructure and supporting public services, as well as serious shortages of agricultural machinery and basic inputs. The situation is further aggravated by the severe drought during the winter cropping season of 1998-1999 and still in the season of 1999-2000.

A 50-96 percent drop in rainfall during winter 98/99 has caused complete failure in germination of 70% of the rain-fed areas and low yields are anticipated in the remaining 30%. The irrigation sector was drastically affected, as the flows in the two main rivers are the lowest since 1930. This is compounded by the lowering of water tables leading to drying up of irrigation wells, thereby further reducing available water for summer crop irrigation.

The adopted approach for the sector considered the interrelation of the various production factors as well as the emerged needs as a result of the drought.

The vital role of the Agricultural sector is enhancing the availability of locally produced food items, mainly animal protein, vegetables, fruits and other oil seed crops. The Plan intends to address the basic needs for veterinary infrastructure rehabilitation, and upgrading of the veterinary service capacity to respond to epidemic diseases. The plan also considered needed resources to sustain the GOI poultry programme. Expansion in fish production as well as the enhancement of dairy production have been addressed within the available meager resources.

The sector will receive US\$292 million to respond to urgent needs. Of that amount, US\$126 million is allocated to the irrigation sector to address part of the water resources rehabilitation needs, and to partially secure needed equipment and spare parts.

The balance of US\$125 million is designated to agricultural production, including poultry production. A total of US\$41 million has been allocated to the agricultural sector in the three northern governorates of Iraq. The Plan has focused on the enhancement of domestic food production in order to contribute towards improving the diet of the population as this concerns both quantity and quality, in particular micro-nutrients, vitamins and animal protein. The proposed activities cover the provision, of the basic inputs for vegetable, fruit and animal production. These include inputs needed for soil preparation, irrigation, fertilizer, plant protection chemicals, and drugs for the control of animal diseases.

Identified drought related input will be submitted later, in order to facilitate expeditious approval and funding as it is of high priority in this emergency situation.

8. Primary, Secondary and Higher Education sectors are in need of major rehabilitation work. The effects are clear on schools and other educational facilities; there are 1000 damaged school buildings. In addition to the increase the density of pupils in each classroom, there is a severe shortage of desks, where more than one pupil shares one desk. There is also severe shortage of books, whereby there is an actual need for preparing more than 50 million books annually. Due to a lack of, printing materials, spare parts and paper, the printing facilities of the Ministry of Education have stopped. All schools suffer from severe shortages of laboratories, aid and training materials. This undermines teachers and student rehabilitation and training. Higher education and public education have been also affected by the shortage of books and materials required by scientific departments of Iraqi universities. The needs of higher education for laboratory equipment required for students in medicine, pharmacy, engineering, science, and agriculture will be provided. Other general needs, such as reference books, spare parts for laboratory equipment, photocopiers and educational supplies will be made available as stressed by the UN Secretary-Generals report of 12 Nov. 1999. This sector will receive US\$ 119 million, out of this amount US\$ 60 million will be provided for primary and secondary education, and US\$ 18 million for higher education. US\$ 41 million is allocated for the three northern governorates to meet the necessary requirements of primary and secondary schools, as well as higher education.
9. The Housing Settlement Sector is aimed at those who require immediate new housing and to support their permanent settlement in appropriate places, and



assisting population in cities and towns to ensure better housing conditions. For the three northern governorates the program aims through the provision of consolidated packages of services in the areas of: a) rural village resettlement; b) rehabilitation of resettled villages; c) infrastructure and services rehabilitation in townships and urban areas; and d) basic assistance for resettlement of families. A total funding of US\$ 260 million is allocated to this sector, out of that 48 million allocated for three northern governorates.

10. Landmines in the three northern Governorates continue to claim the lives of many people. An estimated 20% of the arable land of the region cannot be cultivated because of land mines. The implementation of humanitarian programs, including resettlement, are also being severely hampered by lack of access to significant areas. The program aims at clearing mines in areas close to rural communities, economic activities and resettlement towns. Training, mine awareness and establishment and expansion of prosthesis centers are also among the priority activities. The current Plan allocates US\$ 10 million for the required activities in this sector.
11. The present condition of telecommunications and transportation throughout Iraq, including its three northern governorates, is extremely poor and requires immediate attention. A viable system of communications is integral to the life of the community and the successful implementation of the "Oil-for-Food" program, including distribution of food and medicines in a more effective manner, communication inputs, including telephone systems have been introduced, which are essential for information flow among service providers, for health education to communication and households, for coordination of sectors like food, agriculture, education, cultural, emergency health services, and environment. Due to the limited amount of funds, US\$ 64.5 million have been allocated, of which US\$ 1 million is allocated for the three northern governorates. The basic needs are reflected in the attachments. The plan allocates US\$ 10 million to meet the necessary urgent needs for banknote printing requirement.
12. In the oil sector, the needs and requirements should cover all the stages of production, such as the requirements of conducting and monitoring of oil deposits, wells reclamation and connections, maintenance, rehabilitation and operation of production and export systems. All these systems have been operating over the past years without the required maintenance, rehabilitation and compensation, although they are outdated and in bad need for that. It has been concluded that the upstream sector is in need of large funds to achieve these purposes. However, the actual need in this stage has been reduced to US\$ 600 million, due to the limited funds available under the plan, and to provide



the minimum and critical requirements. The responsibility of the oil sector includes another basic and vital aspect for the life of the Iraqi people, namely, the provision of energy and fuel to meet their humanitarian needs, and maintain their life in all its aspects, particularly the provision of liquid petroleum gas, kerosene, and fuel for power stations. This requires that oil refineries and liquid petroleum gas plants continue their production at high rates, as well as the provision of oil products and delivering them to end-users. The vital requirements, for this sub-sector, have been determined at US\$ 300 million; due to the limited amount available. This makes the total requirements of the oil sector US\$ 600 million.

13. The humanitarian needs of the population of Iraq are enormous due to the cumulative deterioration of living and environmental conditions during the years of embargo. The humanitarian situation and the goods to be imported for all sectors have been reviewed in accordance with paragraphs 4 and 11 of resolution 986 and by the report prepared by the UN Secretary-General. The report clearly pointed out that the various sectors mentioned in the above paragraphs still suffer from shortage of basic needs despite the implementation of the distribution plan. There still remain needs for humanitarian supplies.
14. The Government of Iraq confirms its willingness to cooperate fully with the Program and to allow it to observe throughout the country the equitable distribution of humanitarian supplies imported under this distribution plan. To this end the UN personnel working in the Program will enjoy unrestricted movement in connection with the performance of their functions and the possibility of receiving what facilitates their functions in accordance with paragraph 44 of the MOU.

**Table 1****\* Allocations for sectors activities covered by the Distribution Plan**

<b>Sector/Activity</b>	<b>Allocations in US \$ m (countrywide)</b>	<b>Allocations for Dihouk, Erbil, Suleimaniyeh (US\$m)</b>
<b>SECTOR</b>		
— <b>Food **</b>	<b>1050</b>	<b>152</b>
Soap/detergent		
— supporting supplies of equipment/spare parts for food supply, goods	230.4	
transportation/trucks/ rehabilitation of railway network/ standardization and quality control labs.	1280.4	
<b>Medicines and Health Rehabilitation ***</b>	<b>300</b>	<b>44</b>
<b>Water and Sanitation</b>	<b>198</b>	<b>51</b>
<b>Electricity</b>	<b>321</b>	<b>111</b>
<b>Agriculture</b>	<b>292</b>	<b>41</b>
<b>Primary, Secondary and Higher Education ****</b>	<b>119</b>	<b>41</b>
<b>Housing and Resettlement</b>	<b>260</b>	<b>48</b>
<b>Mines Related Activities</b>	<b>10</b>	<b>10</b>
<b>Nutrition *****</b>	<b>7</b>	<b>7</b>
<b>Hospitals Rehabilitation</b>	<b>63</b>	<b>58</b>
<b>Capacity Building</b>	<b>1.6</b>	<b>1.6</b>
Support for food, nutrition and health Sector: transport/ Telecommunications/ Banknote printing requirements	64.5 10	1
<b>SUB TOTAL</b>	<b>2921.5*****</b>	<b>565.6</b>
<b>Oil</b>	<b>600*****</b>	
<b>Grand Total</b>	<b>3521.5</b>	

\* The estimated allocations by sector constitute indicative figures to give an order of magnitude of intended use of resources. The actual amounts will depend on market prices at the time of procurement.

\*\* The general food ration will be in calories and protein; especially for animal protein (as dried whole milk and/or cheese) which will contribute to 8.4% of total protein. The inclusion of milk and weaning food for infants fill an important nutritional need by adding 2 boxes of baby milk and 2 boxes of baby food and 1/2 kilo of milk/cheese for adult per capita.

\*\*\* Includes US \$ 10 million allocated for supplemental nutrition support for pregnant and lactating mothers and malnourished children.

\*\*\*\* If excess funds are available, the needs of the education sector will receive special consideration.

\*\*\*\*\* US\$ 7 million for nutrition (three northern governorates). If excess funds are available, the

need for allocations to agro industry will receive consideration.

\*\*\*\*\* In case of reduction in the funding from US\$ 2.921.5 billion net, it does not follow that all reductions will be proportionate, i.e. food sector and medical services are a priority.

\*\*\*\*\* In addition to the US\$600 million of phase VI recommend by UN Sectary Generals to the Security Council, in his letter of 02/07/1999. It is necessary to allocate an additional US\$600 million in phase VII (as indicated in the above table) for the oil sector to cover the cost of materials, spare parts, equipment's and service contracts to enable it to maintain the required production and export rates.

## **PART ONE**

### **FOOD SECTOR**

#### **Introduction**

15. The Government of Iraq established special rationing system to ensure the distribution of foodstuffs to all Iraqi citizens, Arabs and foreigners residing in Iraq. The system was launched on 1 September 1990 after the imposition of the embargo on Iraq. It is presently applied throughout Iraq. Foodstuffs imported under the MOU are distributed by the Government of Iraq throughout the country except in the three northern governorates, where the Program distributes the food ration to the population on behalf of the Government of Iraq.

#### **The main features of the system**

16. The main partners of the system are:
- Ministry of Trade / Government of Iraq
  - The consumers (citizens of Iraq, Arabs and foreign residents).
  - Retail ration agents (private sector).
17. The Ministry of Trade undertakes, on a monthly basis, the distribution of foodstuffs to the retail ration agents in their designated areas, and to ensure their delivery to the household registered with the concerned agents. There are more than 45864 ration agents distributing the food monthly in the 15 governorates and over 10,000 ration agents in the three northern governorates. Each ration card has a number of coupons that correspond to the basic food items involved in the system. The coupons are collected from the households monthly by the retail ration agents. The ration card covers one calendar year.
18. Every Iraqi citizen, Arab and foreign residing in Iraq is entitled by law to obtain "Rationing card " from the Registration Centers. These centers establish lists of families by name, age and number of consumers in each household and send the list to the computer center. The computer center sends one copy of each list to the retail ration agent and another copy of the list to food distribution centers.
19. The monthly individual ration under the current system is the same for each individual with regard to commodities, quantity and the related nominal fees. Households are well informed through public and private mass media, on a

monthly basis, of their entitlements and on the time of distribution in various distribution centers.

20. The follow-up mechanism to ensure effective and proper implementation of the Rationing System is done through:

- The concerned monitoring offices of the Ministry of Trade.
- Elected People's councils .
- Citizens

21. The beneficiaries of the system have the right to submit to the Ministry of Trade complaints against the retail ration agent in their designated areas, if they discover that the agent is violating the relevant regulations. Accordingly, the Ministry of Trade circulates a questionnaire among all households registered with the said agent. If the findings show that 51% of the participating households in the process condemn the agent, his agency license will be canceled, and a new retail agent will be immediately appointed.

22. The Mechanism of obtaining the rationing card, the required documents and complaints are as contained in the previous distribution plan, paragraphs (19, 20, 21, 22, 23).

#### **Monitoring of Distribution**

23. The observation of distribution and determining the adequacy of the materials in accordance with the distribution plan will be carried out according to paragraphs 37-38 of the MOU.

#### **Plan for Food Distribution**

24. The same mechanism of food distribution stipulated in paragraph 22 of the Distribution Plan of Phase III shall be followed under this plan.

### **Arrangements for procurement and Storage**

25. Arrangements for procurement, storage and the transport of food supplies under this plan shall remain as stated in paragraph 24 of the Distribution Plan of Phase III.

### **Location of the independent Inspection Agents**

26. The locations of the independent inspectors will continue according to the current manner under paragraph 25 of the Distribution Plan of Phase III.

### **Warehouses**

27. Specific warehouses shall be designated to store the foodstuffs imported by the Government of Iraq under the plan. The locations of these warehouses will be within the main storage complexes of the Ministry of Trade throughout the governorates of Iraq.
28. In accordance with paragraph 5 of Annex I of the MOU humanitarian supplies destined for distribution in the three northern Governorates shall be delivered by the Program to warehouses within these Governorates. Warehouses in Mosul and Kirkuk, to which supplies may also be delivered, either by the Governments of Iraq or the Program, will be under the management of the Program.

### **Maintenance, Repairs, Rehabilitation and Replacement of equipment required on the basis of priorities for the handling, storage, supply and distribution of food**

29. The Plan is based on the actual need of the Food sector according to activities related to the storage and transportation of foodstuffs, as well as grain milling and delivering to the consumers, in accordance with the ration system and in conformity with the volume of the imported foodstuffs. The following has been taken into consideration in preparing this requirement:
- Repairing and rehabilitating the apparatuses and equipment of grain silos in a manner that ensures the speedy transportation and receiving of imported grains and supplying them to mills as quickly as required.
  - Ensuring the minimum needs of mills to keep them operating, and to ensure the production of the best quality of flour, packing and delivering it to the citizens on time.
  - Ensuring new means of transportation to enhance the capacity available in the country for the transportation of grains, flour and foodstuffs, as well as their

delivery to the citizens according to determined timings. For example, the provision of trucks and repair of railways.

- Ensuring the minimum needs for cold storage and other warehouses for the foodstuffs, as per their usage, the transportation of the stored goods, keeping them according to the requirements of their storage, and facilitating their delivery to the citizens on time.

This Plan allocates US\$ 230.4 million to ensure the procurement of the current needs for this sector, as described in Annex-1/trade.



**Table 2**  
**Iraqi population by governorate covered by the Plan**

Governorate	Population	Adults*	Children under one
Ninevah	2299976	2234128	65848
Tameem	809732	788029	21703
Baghdad	5983520	5813287	170233
Salah Al-Din	885659	858992	26667
Diala	1163857	1132120	31737
Anbar	1158051	1121398	36653
Babylon	1289909	1255260	34649
Kerbala	679097	659999	19098
Najaf	865884	838750	27135
Qadisiya	832609	808483	24126
Muthana	506110	490029	16081
Basrah	1809996	1750754	59242
Maysan	762000	731269	30731
Thi-Qar	1397829	1351722	46107
Wasit	856308	832748	23560
Dohuk	743543	725297	18246
Erbil	1215107	1191715	23392
Suleimaniyah	1480113	1457042	23071
Total	24739300	24041022	698279

\* THE ESTIMATED POPULATION NUMBER WAS CALCULATED ON THE BASIS OF THE ACTUAL DISTRIBUTION FIGURES OF DP V, TAKING INTO CONSIDERATION THE NATURAL MONTHLY GROWTH OF 0.023%.

**Table 3**  
**Consolidated Plan and Categorized List of Foodstuffs, Soaps and Detergents**  
**(PHASE 7)**

Items (1)	Monthly ration per capita (kg) (2)	Total monthly requirements (ton) (3)	Total needs for six months (ton) (4)	Required value for six months (US\$) (5)
1. Food, wheat flour*	9.000	266.600	1600000	264000000
Rice	3.000	75010	450060	171,200,000*
Sugar	2.000	49100	294600	80000000
Tea	0.150	3630	21780	42000000
Cooking oil	1.500	36800	220800	147000000
Milk powder	3.600	2520	15120	42000000
Dried whole milk and/or Cheese	0.500	12100	72800	180000000
Fortified weaning cereal	0.800	560	3360	7000000
Pulses	1.000	25000	150000	88000000
Iodized Salt	0.150	3700	22200	3000000
Subtotal				973000000
2. Soaps and detergents soap	0.250	6300	37800	34000000
Detergents	0.350	8900	53400	43000000
Total				77000000
Grand total				1050000000

Note: these figures represent indicative quantities and values subject to actual distribution and market conditions .

- 1- wheat is to be processed and distributed to beneficiaries as wheat flour; . the conversion rate used is 10 kg of wheat to 8.4 kg of wheat flour.
- 2- quantities are calculated on the basis of population figures listed in (table2) . the following allowances to retail agents are added to ensure the accurate ration weight is given to customers : 2% for wheat flour , sugar, cooking oil , salt, and detergents: 4% for rice and pluses 0.5% for tea.
- No additional quantities are given to the agents for milk powder and soap, as these items are distributed by tins and pieces respectively.
- 3- children under one year of age receive only milk powder, fortified weaning cereal, soap and detergents.
- 4- Amount allocated for food is sufficient to cover the RFB due to expected lower food prices.
- 5- The table 3 is subject to amendment. Actual quantities authorized for procurement should be checked at annex 01-07.

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\* amended 30 May 2000

## **PART TWO**

### **Plan for Purchase and Distribution of Medicine and Medical Equipment and Supplies**

30. In drafting its health policy, the Government of Iraq has followed the guidelines published by the WHO Programme on Essential Drugs.
- The provision of essential and cost-effective medicines to meet the needs of the whole population of Iraq.
  - To ensure equitable distribution.
  - To ensure the high quality and proper use of medicine.
31. Before August 1990, the rate of expenditure of the Ministry of Health was more than US\$ 500 million for the purchase of medicine and medical supplies. There were also recycled stocks which were sufficient for more than one year in addition to the known annual funds of investment for infrastructure. Therefore, the amount allocated by the previous distribution plans does not meet health service needs. The shortage of the medical supplies makes health services scientifically incomplete. The provision of medicine without necessary medical equipment and diagnostic facilities does not permit the provision of essential health services. Thus, there is no full benefit from medicine and medical supplies without medical apparatuses, equipment and other support systems necessary for the rehabilitation of hospitals.
32. As regards medicine and medical supplies, the situation is exceptionally serious. Most of the patients still receive partial treatment. The local production of drugs is still substantially reduced. In 1989, the need for medicine was met with the Ministry of Health spending more than US\$ 500 million to purchase imported medicine and medical appliances. Additionally, there were reserve stocks which permitted the continuous flow of medicine.
- WHO assistance might be required to address emerging health needs that may result from the recent draught situation. The distribution plan will respond to these needs as and when needed. Emphasis can therefore be made on the provision of drugs for emerging health problems.
33. The plan is formulated to meet the needs for medicine with top priority for medicines for chronic diseases. The urgent priorities include other medicines, medical supplies, medical equipment, the local production of drugs and syringes and spare parts as well as other equipment, spare parts and materials for the rehabilitation of service equipment in hospitals and health centers such as air conditioning, elevators etc... From the US\$ 300 million allocated, 50% will be used for medicines and medical supplies and 50% for the rehabilitation

of hospitals and health centers and out of US\$300 million, which US\$20 million is allocated to the Raw materials equipment, spare parts for the samara drugs industry (SDI). However, as reported by UN Agencies and other observers, the situation of hospitals and health centers is still of much concern as they are in need for big investments which could not be made available. The report of UN Secretary-General of 12 November 1999(S/1999/1162) clearly pointed out the current situation of infrastructure of hospitals and health centers which are in need of very large funds. In addition the harsh economic and social circumstances and the deterioration of the living conditions resulted in an increased mortality and morbidity including malnutrition. It is estimated that 600,000 children under five years of age are malnourished. Each of them will be receiving 0.1 Kg/day of (Therapeutic milk) for a total of 25 days during a six-month period, the total needs will be 1500 tons (600,00x25x0.1). This will be covered utilizing therapeutic milk stock balance from previous phases. 8,000 mt of HPB will be provided for pregnant women, lactating motheres, and malnourished children through the Community Child care Units country wide. Total cost will be US \$ 10 million. Support for the targeted Nutrition Programme will be extended to cover the needs of PHC centres to provide day-care nutrition rehabilitation services.

34. The Plan aims at the provision of high quality and low-cost medicine which meet the needs of the whole population of Iraq. Up to date medical equipment, such as CAT Scans and MRI, medical and surgical appliances, diagnosis equipment and vaccines are required. Among other priorities that require an urgent attention within the framework of the Plan, are the provision of pesticides, insecticides, for domestic use the provision of field vehicles to ensure communication within the health network and vehicles to transport medicine and medical equipment. It should be stressed that the public health sector cannot be improved by the provision of medicine and medical appliances only. The infrastructure of hospitals, medical centers and warehouses is in need of rehabilitation through the provision of spare parts and replacement equipment in addition to physical repairs. Furthermore, the provisions of 200 ambulances for the health services are basic and urgently needed to improve public health services.
35. The health situation in the three northern governorates has not improved significantly. The primary health care centers do not provide comprehensive services for mothers and children in particular. There are similar needs of medicines, medical appliances, basic equipment of diagnosis and modern equipment for treatment. Therefore, the basic components of the health plan for these governorates include the provision of medicine, repairing and

maintenance of the basic infrastructure and the provision of spare parts. US\$ 44 million have been allocated for medicine and medical supplies.

The general condition of the health infrastructure and distribution systems at district level in the three northern governorates still need support. Equipment for water quality control has begun to arrive in the north. However the need for more modern diagnostic and treatment equipment, and for rehabilitation of basic infrastructure remains. Therefore the basic components of the health plan for these three governorates include the continuing provision of basic medicines and medical supplies and medical equipment.

36. **Sub-Sectors**

Given the nature of the health care sector, priorities for individual items cannot be set without discriminating between patients. Purchase orders for essential drugs, medical supplies, equipment and support items will however be issued in accordance with the general priorities emerging in the health sector and in consideration of projected stock shortages. Special priority items or changes in priority or complementarily will be communicated through the Permanent Representative.

- a. **Medicine and Medical supplies:** The objective pursued under the Plan is to make available needed medicine and medical supplies to health care providers throughout Iraq. The Ministry of Health will give focus to those items in the annexes, which are of general use in order to ensure a continuous flow of essential items to health facilities. However, for better efficiency and cost savings, US\$ 20 million will be allocated to rehabilitate the local production capacity for disposable syringes and drugs which require import of spare parts, raw materials and new equipment for the plants.
- b. **Rehabilitation of Health Facilities:** It is estimated that approximately 50% of the medical equipment is obsolete and/or un-repairable there by requiring replacement. However, given the limitations of funds only critical equipment for medical care and diagnostic purposes will be procured. The import of spare parts is to effect repair of equipment that can still be used. The overall objective of these measures is to improve the quality of care and hence add to the benefit expected from increased availability of medicine and medical supplies.

Additionally health infrastructure rehabilitation is to improve general working conditions and provide better and acceptable hospital conditions for patients. This would be achieved through the import of spare parts and some equipment for hospital engineering such as air-conditioning, heating and elevators. In addition fork lifts, trucks and spare parts will be imported to

facilitate distributions of supplies. Items listed for logistical, information processing and communications support is considered critical for an efficient distribution and inventory management system.

- c. **Quality Control Laboratories:** Given the importance of this sub-sector allocations will be made to provide medical equipment to facilitate timely quality control testing as well as to allow for effecting all tests required by Iraqi regulations.
37. In accordance with the MOU and the distribution plan, in the three northern governorates, the Program will be responsible for the distribution of medical supplies and modal equipment as well as for infrastructure rehabilitation. The Program shall ensure that the needs determined by health sector are compatible with the basic needs of these governorates.

#### **Plan Components**

38. The components of the plan composed of the estimation of needs, the distribution, procedures for regulation and criteria for importation and storage will remain as contained in the first distribution plan, paragraph 43.
39. In accordance with paragraph 39 of the MOU, the Government of Iraq shall provide the Program with detailed information about the delivery of appliances and equipment to their locations in order to facilitate and ensure monitoring of their use. The Program will conduct the tasks provided for in paragraph 8 of annex-1 of the MOU.

Table-5

**Criteria for distribution of Ambulances \***

<b>Serial no.</b>	<b>Governorates</b>	<b>Number of ambulances</b>
1.	Nineveh	14
2.	Tameem	6
3.	Baghdad	60
4.	Salah Al-Din	8
5.	Diala	8
6.	Anbar	10
7.	Babylon	8
8.	Kerbala	6
9.	Najaf	6
10.	Qadissiyah	6
11.	Muthana	6
12.	Basrah	16
13.	Misan	8
14.	Thi-Qar	8
15.	Wassit	6
16.	Dohuk	6
17.	Erbil	8
18.	Suleimaniyah	10
<b>Total</b>		<b>200</b>

\* Distribution: One ambulance / 100.000 population.



### **PART THREE**

#### **PLAN OF EQUIPMENT PURCHASE FOR WATER AND SANITATION SECTOR**

40. Deterioration in this sector has manifested itself seriously in the decrease in quantities of potable water and in inadequate sanitation for the population, both of which have contributed to sharp increase in the incidence of water –borne diseases in the whole country .

With the drastic deterioration in this sector during the past Nine years, a survey recently undertaken by UNICEF revealed that the water coverage has gone down to an average of 41 % in all rural areas. On the other hand, the per capita share of water has gone down to 218 liters / day in Baghdad, 138 liters / day in other urban areas and 91 liters / day in served rural areas .

This deterioration is related to the acute need for new plants the poor functioning of most of the existing water treatment plants, lack of spare parts and equipment, the poor status of the water distribution network, and electrical power cuts of up to 10 hours per day. Water quality results, reported by MOH and WHO, have shown a high contamination percentage of water samples. On the other hand and while the turbidity of water reaching the population should not exceed 1 National Turbidity Unit ( NTU) as set by Iraqi standards, more than 70 % of the water currently served is of a turbidity exceeding 10 NTU.

41. Despite the identification of the deteriorated situation of the sector of potable water and sanitation by the reports of UN agencies and the report of the UN Secretary- General of 18 May 1999 ( S / 1999 /573), which clarified the actual situation of the projects and the minimum requires needs for maintaining their operation , deterioration continues, due to the limited sums allocated for this sector in the previous distribution plants, the delay in the arrival of supplies , mainly due to complicated process for S.C. approval as well as the nature of these supplies which require no less than six months for their manufacture and shipment.

#### **Sector Objective and Strategies:**

The overall objectives of the Water and Sanitation Sector in Iraq are:

1. To provide sufficient quantity of potable water to the population.
2. Dispose, hygienically, of all kinds of waste (solid and liquid ).

To meet the above objectives three subsequent planning stages are to be followed:

Stage I: Rehabilitate the existing system to enhance efficiency and improved performance as well as quality . The esteemed cost of this phase is US\$ 700 million.

Stage II: Fill in the gap to reach universal accessibility of service where by

The undeserved and the unserved will be covered.

Stage III: Increase the level of service to meet the normal growth of the population

The purchase strategy followed in preparing the three subsequent distribution plans of SCR.

42. The production of potable water in 14 governorates is 1200 million cubic meter/year.

The design capacity of Baghdad is 850 million cubic meter / year . As the requirements determined in the previous distribution plans, have not arrived in Iraq yet , the current estimated capacity of these facilities is 30 % less than their design capacity.

The water system in center / south Iraq is composed of 218 water treatment plant, 1191 compact water unit, 51 boosting station and thousands of kilometers of water supply pipes. In the north the system is composed of 21 water treatment plants, 640 boreholes and 140 various other systems.

However , most of these water supply systems are working at less than 30 % efficiency.

Breaks and leaks of the water network are decreasing water pressure, water quality and per capita share as a result.

43. In sanitation, the situation is even worse . None of the 13 sewage treatment plants in the country is functioning properly, and raw sewage is disposed directly into rivers and causing contamination.

The sewage collection , and rainfall collection systems which are composed of 250 vertical sewage pumping stations and more than 1.000 sewage submersible pumping station are all malfunctioning and in desperate shape , because of the deteriorating status of the network , and the lack of pumps, spares and other supplies and mainly due to disability to construct new treatment plants and net work to face the population growth Other areas where septic tanks and cesspools are utilized for sewage disposal are also facing enormous problems due to the high water table and the breakdown of the fleet of cesspool emptiers. Flooded septic tanks are flooding residential areas and causing contamination.

44. The current situation necessitates much attention to this sector, due to its negative effects on public health , environment and citizens, particularly children and women. This requires the allocation of US\$ 198 million in the plan to meet the urgent humanitarian needs in this sector according to the details contained in annexes 1 and 2 / water and sanitation, including US\$ 49 million to Baghdad and US\$ 98 million to the districts surrounding Baghdad and other 14 governorates, and US\$ 51 million will be allocated to the three northern governorates.

45. The spare parts and equipment required for this sector are described in annexes 1-8 / water and sanitation.

The proposed DP has some changes in the purchase policy. Priority continues to be given to the purchase of water purification chemicals and some of the specific urgent required supplies in specific water treatment plants not only for Baghdad Municipality but also to the General Establishment for water and Sewerage.

There will be a focus on improving water services to under-served or unserved rural population by the purchase of 400 compact water treatment plants. More attention is being given to sanitation by the purchase of sewage pumps, cesspool emptiers, sewers jetting units, sewers cleaning equipment and garbage collectors. As a second priority, focus will be given to the purchase of supplies to water treatment plants ( pumps, circuit breakers, starters, motors ) and also supplies for incomplete water treatment plant meant to serve unserved population and whose civil works are 60-90% completed. Also, focus will be given to the purchase of some ductile and UPVC pipes for the water supply network. There will also be focus on water quality control through the purchase of required supplies. The water tankers, which are included in DP-VI, should be used to face needs incurred by the current drought situation.

On a third priority basis, water tankers to provide services to unserved areas and some support vehicles ( trailers and loaders) will be purchased. An amount of up to US\$ 51 million is allocated to the three northern governorates for the water and sanitation sector, where again the prevailing situation is very similar to that pertaining throughout Iraq. The pattern of deterioration has not yet been arrested. The adverse effects on public health and the environment and especially on women and children continue to be very much in evidence.

In urban areas the apparent ready access to water and sanitation systems tends to conceal the fact that the quality of potable water is highly variable and very dependent on a reliable and continuous electricity supply. The latter ensures that pressures remain sufficient to avoid drawing polluted water back into the main supply pipes. In addition many of the pumps are well beyond their useful working life, with the result that the supply of water to households is by no means guaranteed even where systems are nominally in place. For rural areas, recent surveys indicate that water supply coverage is under 50%, rather less than had originally been thought.

Access to sanitary latrines is much less at only 16%.

A particular problem in this sector is the widespread deterioration of the vehicle sanitation fleet, which is used for regular removal of both liquid and solid wastes. The much-reduced capacity of this fleet is compromising both the health and environmental situations, which will become even worse over the coming summer unless corrective action is taken before then. Computers that are ordered as part of DP-VI should be used to computerize the management of

supplies in the major warehouses in order to alleviate some of the present bottlenecks in the process of distribution of supplies in the Water and Sanitation sector.

The acquisition of more vehicles and repair of the existing fleet is therefore identified as a top priority, to which the sum of US\$ 5 million will be allocated. The next priority will be for rural water and sanitation for an amount of US\$ 4 million, and thereafter US\$ 10 million for urban sanitation and finally US\$ 11 million for urban water supply.

46. In accordance with paragraph 40 of the MOU, the Government of Iraq shall provide the Program with detailed information about the delivery of supplies and equipment to their locations in order to facilitate the monitoring of their use and to make sure of this. The Program will conduct the tasks provided for in paragraph 8 of annex-1 of the MOU